

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
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INDEPENDENT AUDITOR'S REPORT

Board of Directors of
African-American AIDS Policy and Training Institute dba Black AIDS Institute
Los Angeles, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Black AIDS Institute, which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Black AIDS Institute as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Black AIDS Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Black AIDS Institute's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore

is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Black AIDS Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Black AIDS Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control, over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial report or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over financial reporting and compliance.



William Harris, CPA
License Number #103005
Arcadia, California
August 22, 2022

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING
dba BLACK AIDS INSTITUTE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

CURRENT ASSETS

Cash	\$	3,615,103
Accounts Receivable		457,078
Prepaid Expenses		39,712
TOTAL CURRENT ASSETS		4,111,893

NONCURRENT ASSETS

Furniture and Equipment		31,301
Leasehold Improvements		37,351
Website		56,605
Less: Accumulated Depreciation		(122,424)
TOTAL NONCURRENT ASSETS		2,833

TOTAL ASSETS	\$	4,114,726
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LIABILITIES & NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	228,744
Accrued Liabilities		96,820
Deferred Revenue		951,725
TOTAL CURRENT LIABILITIES		1,277,289

TOTAL LIABILITIES		1,277,289
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NET ASSETS

Net Assets Without Donor Restrictions		2,712,172
Net Assets With Donor Restrictions		125,265
TOTAL NET ASSETS		2,837,437

TOTAL LIABILITIES AND NET ASSETS	\$	4,114,726
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See Auditor's Report and Notes to Financial Statements

AFRICAN-AMERICAN AIDS POLICY AND TRAINING
dba BLACK AIDS INSTITUTE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT			
Contributions and Grants	\$ 2,095,832	\$ 125,265	\$ 2,221,097
In-Kind Donations	12,159	-	12,159
	2,107,991	125,265	2,233,256
Special Events	182,320	-	182,320
Less: Direct Costs of Special Events	(43,222)	-	(43,222)
Net Special Events Revenue	139,098	-	139,098
Total Public Support	2,247,089	125,265	2,372,354
REVENUE AND OTHER INCOME			
Program Fees and Contract Services	1,732,797	-	1,732,797
Miscellaneous Income	58,859	-	58,859
Total Revenue and Other Income	1,791,656	-	1,791,656
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	26,082	(26,082)	-
Total Public Support, Revenue, and Other Income	4,064,827	99,183	4,164,010
OPERATING EXPENSE			
HIV Prevention	3,054,785	-	3,054,785
Management and General	117,574	-	117,574
Fundraising	211,035	-	211,035
Total Operating Expenses	3,383,394	-	3,383,394
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES			
	681,433	99,183	780,616
NONOPERATING ACTIVITIES			
Other Income	1,326	-	1,326
Interest Income	102	-	102
Interest Expense	(197)	-	(197)
Total Nonoperating Activities	1,231	-	1,231
CHANGE IN NET ASSETS	682,664	99,183	781,847
NET ASSETS – Beginning of the Year	2,029,508	26,082	2,055,590
NET ASSETS – End of the Year	\$ 2,712,172	\$ 125,265	\$ 2,837,437

See Auditor's Report and Notes to Financial Statements

AFRICAN-AMERICAN AIDS POLICY AND TRAINING
dba BLACK AIDS INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Activities		Supporting Activities		Total Expense
	HIV Prevention Program	Management & General	Fund- Raising		
OPERATING EXPENSE					
Salaries & Wages	\$ 1,418,793	\$ 73,331	\$ 102,025	\$ 1,594,149	
Payroll Taxes	120,281	6,217	8,649	135,147	
Employee Benefits	217,181	11,225	15,618	244,024	
Bank Fees	-	4,177	-	4,177	
Conference & Meetings	32,724	-	69	32,793	
Depreciation	10,076	521	724	11,321	
In-kind Donations	12,159	-	-	12,159	
Incentives	15,671	-	-	15,671	
Insurance	30,040	1,553	2,160	33,753	
Miscellaneous	6,791	260	10,289	17,340	
Occupancy	70,109	3,624	5,041	78,774	
Office Expense	14,655	745	3,265	18,665	
Postage & Delivery	4,408	13	-	4,421	
Printing and Reproduction	25,637	-	-	25,637	
Professional Fees & Contract Services	937,065	14,338	60,817	1,012,220	
Publicity	36,518	-	195	36,713	
Recruiting	16,064	-	-	16,064	
Regrant & Sponsorships	3,725	-	-	3,725	
Stipends	16,730	-	-	16,730	
Telecommunications	30,367	1,570	2,183	34,120	
Testing Supplies	14,502	-	-	14,502	
Travel	21,289	-	-	21,289	
TOTAL OPERATING EXPENSE	\$ 3,054,785	\$ 117,574	\$ 211,035	\$ 3,383,394	

See Auditor's Report and Notes to Financial Statements

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING
dba BLACK AIDS INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

CASH FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 781,847
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided / (Used) by Operating Activities:	
Depreciation	11,321
Change in Accounts Receivable	283,158
Change in Prepaid Expenses	(20,657)
Change in Accounts Payable	64,491
Change in Accrued Liabilities	4,370
Change in Deferred Revenue	(1,098,275)
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	<u>26,255</u>

CASH FROM INVESTING ACTIVITIES:

None	-
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	<u>-</u>

CASH FROM FINANCING ACTIVITIES:

None	-
NET CASH PROVIDED / (USED) BY FINANCING ACTIVITIES	<u>-</u>

NET INCREASE / (DECREASE) IN CASH 26,255

CASH – Beginning of the Year 3,588,848

CASH – Ending of the Year \$ 3,615,103

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Interest Paid	\$ <u>197</u>
Taxes Paid	\$ <u>-</u>

See Auditor's Report and Notes to Financial Statements

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 **NATURE OF OPERATIONS**

African-American AIDS Policy and Training Institute dba Black AIDS Institute (BAI) was formed in 1999 as a California nonprofit corporation exempt from federal and state income taxes. BAI is a training and mobilization center focused exclusively on the black community. BAI's mission is to stop the AIDS epidemic in black communities by engaging and mobilizing black institutions and individuals in an effort to confront HIV. BAI interprets public and private sector HIV policies, conducts training, offers technical assistance, disseminates information, and provides advocacy from a uniquely and unapologetically black point of view. BAI's support comes primarily from federal funding and private contributions and grants.

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Nonoperating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. The disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported time. Actual results could differ from those activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. If excess funds are available, the Organization places its temporary cash investments with high-credit, quality financial institutions. At times during the year, the Organization maintains cash balances in excess of the FDIC-insurance limits. The Organization has not incurred losses related to these investments and management believes it is not exposed to any significant credit risk on cash.

Segregation of Cash

Under the terms of a cost reimbursement contract with the Center for Disease Control, BAI maintains all funds received and disbursed in connection with such contract in a separate bank account.

Accounts Receivable

Contributions, grants, and cost reimbursement contracts are stated at the amount management expects to collect from outstanding balances. Grants receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Allowance for Doubtful Accounts

Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Based on management's evaluation, the Organization believes that an allowance for doubtful accounts is not considered necessary as of December 31, 2021.

Property and Equipment

Property and equipment are recorded at cost. BAI's policy is to capitalize assets with a cost of \$5,000 or more, and with estimated useful lives in excess of one year.

Expenditures for major renewal and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any gain or loss is included in the statement of activities as a change in restricted or unrestricted net assets, as appropriate.

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The cost of leasehold improvements is depreciated (amortized) over the lesser of the lengths of the related leases or the estimated useful lives of the assets. Depreciation expense is computed using the straight-line method over the respective estimated useful lives of assets, as follows:

Leasehold improvements	7 – 10 years
Furniture and equipment	5 years
Website	5 years

Deferred Revenue

Deferred revenue represents a conditional grant or other funds received for services to be performed by BAI, which have not yet been provided under the terms of agreements. BAI recognizes these amounts as public support and other revenue when such services have been performed or the condition has been met and/or funds expended. Unearned revenue at December 31, 2021 consists primarily of corporate grants and donations.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

The Organization adopted ASU No. 2018-08, *Not-For-Profit Entities (Topic 958) Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The guidance helps distinguish if grants and contracts with resource providers are exchange transactions or contributions. Once a transaction is deemed to be a contribution, the ASU also provides guidance to help determine when a contribution is conditional and evaluates the possibility that a condition will not be met is remote. Unconditional contributions are recognized immediately and classified as either net assets with or without donor restrictions, while conditional contributions received are accounted for as a liability until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with or without restrictions.

Under ASU 2018-08, generally revenue from grants and contracts are considered contributions because the resource provider does not receive commensurate value for the consideration received by the Organization. The resource provider receives value indirectly through societal benefits. The Organization's revenue is generated through performance of services for government and corporate entities under various contracts for which they are paid a fixed fee or on a cost-reimbursement basis. Revenue is recognized when the Organization has overcome the right of return/release and barriers which entitle it to the assets. Accounts receivables are recorded when revenue earned under a contract exceeds the cash received.

In-kind Donations

Consistent with accounting principles generally accepted in the United States of America, BAI recognizes as support only those donated services which create or enhance non-financial assets, or which require specialized skills which BAI would otherwise have paid for. Donated services, materials and rent are recognized as contributions at their fair values at the date of donation. The donated services for the year ended December 31, 2021 were \$12,159, which is included in in-kind donations revenue in the statement of activities and expenses in the statement of functional expenses.

Third-party Reimbursements

Contract reimbursements, including retroactive adjustments under reimbursement agreements, are reported at the estimated net realizable amounts from third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods, as final settlements are determined.

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Fees and Contract Services

Program fees and contract services are reported at the estimated net realizable amounts from clients, third-party payers and others for services rendered. Revenue is recognized from all contracts to the extent eligible costs are incurred or services are performed up to an amount not to exceed the total contract authorized.

Functional Classification of Expenses

BAI reports its expenses on a functional basis. Expenses that can be specifically identified as program services or management and general or fundraising are charged directly to that classification. Other expenses that are common to both classifications are allocated based on various relationships.

The expenses that are allocated including the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Time and Effort
Training and Education	Time and Effort
Occupancy	Time and Effort
Office and Administration	Time and Effort
Professional	Full Time Equivalent
Other	Time and Effort

Income Tax

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c) (3) and California Revenue and Taxation Code Section 23701 (d). Accordingly, no provision for income taxes has been made in these financial statements.

The Organization's Returns of Organization Exempt from Income Tax for the years ended December 31, 2021, 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns were filed. The Organization believes it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Advertising Costs

The cost of advertising is expensed when incurred or when the first advertising takes place. The Organization does not participate in direct-response advertising, which requires the capitalization and amortization of related costs.

New Accounting Standards

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

NOTE 3 **LIQUIDITY**

BAI maintains a policy of structuring its financial assets to be available as its general expenses, liabilities and other obligations come due. BAI's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 3,615,103
Accounts receivable, net	<u>457,078</u>
Total	<u><u>\$ 4,072,181</u></u>

BAI's financial assets are all available for general use as of December 31, 2021. BAI does not have donor-restricted endowment fund or investment account

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 **ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following at December 31, 2021:

Contracts receivable	\$	457,078
Less: Allowance for doubtful accounts		-
Total	\$	457,078

NOTE 5 **PREPAID EXPENSES**

Prepaid expenses primarily consisted of prepaid insurance. Total prepaid expenses as of December 31, 2021 is \$39,712.

NOTE 6 **PROPERTY AND EQUIPMENT**

Property and Equipment consisted of the following at December 31,

Furniture and equipment	\$	31,301
Leasehold improvements		37,351
Website		56,605
		125,257
Less: Accumulated depreciation		(122,424)
Total	\$	2,833

Depreciation expense for the year ended December 31, 2021 was \$11,321.

NOTE 7 **DEFERRED REVENUE**

Deferred revenue for grants received represent amounts collected from, or invoiced to, grantors in advance of revenue recognition. The deferred revenue will be recognized over the life of the grant period as the services are provided and/or costs are incurred. As of December 31, 2021, the deferred revenue was \$951,725.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 **ACCRUED LIABILITIES**

Accrued liabilities consisted of the following at December 31, 2021:

Accrued payroll and payroll taxes	\$ 40,519
Accrued vacation	42,341
Accrued other	<u>13,960</u>
Total	<u>\$ 96,820</u>

NOTE 9 **NET ASSETS WITH DONOR RESTRICTIONS**

Temporarily restricted net assets are available for the following purposes as of December 31, 2021:

Mobilization and Policy	\$ 51,725
Training and Capacity	<u>73,540</u>
Total	<u>\$ 125,265</u>

NOTE 10 **RETIREMENT PLANS**

BAI sponsors a 401(k) tax-deferred retirement pension plan (the Plan) under which eligible employees may defer their income on a pretax basis, subject to a maximum limit set by the government. During the year ended December 31, 2021, BAI's employer matching contributions to the plan were \$20,265.

NOTE 11 **LEASES**

BAI leases its operations and administrative facility under a long-term operating lease agreement expiring in March 2025. In months subsequent to December 31, 2021, the landlord agreed to terminate the lease to assist BAI and cost reduction efforts.

Rent expense for the year ended December 31, 2021, was \$75,204.

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 **CONCENTRATIONS**

BAI received support from a government agency during 2021 which constituted 42% of the accounts receivable balance as of December 31, 2021.

NOTE 13 **COMMITMENTS & CONTINGENCIES**

Contracts

BAI grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether the program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these government audits, cannot be reasonably estimated and, accordingly, BAI has no provisions for the possible disallowance of program costs on its financial statements.

NOTE 14 **SUBSEQUENT EVENTS**

Events subsequent to December 31, 2021 have been evaluated through August 22, 2022, the date at which BAI's audited financial statements were available to be issued. There were no subsequent events requiring disclosure that have occurred through this date.



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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS, REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
African-American AIDS Policy and Training Institute dba Black AIDS Institute
Los Angeles, California

We have audited the financial statements of African-American AIDS Policy and Training Institute dba Black AIDS Institute (a nonprofit organization), as of and for the year ended December 31, 2021, and have issued our report thereon dated August 22, 2022, which contained an unmodified opinion on those financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads 'William Harris C.P.A.' in a cursive style.

William Harris, CPA
License Number #103005
Arcadia, California
August 22, 2022

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor / Pass-through Grantor Program Title</u>	<u>Federal CFDA #</u>	<u>Agency or Pass-through #</u>	<u>Federal Expenditures</u>
Department of Health & Human Services:			
Center for Disease Control and Prevention Epidemiologic Research Studies of AIDS	93.943	1U65PS004721	\$ 417,895
Center for Disease Control and Prevention Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NU62PS924668	33,524
National Institute of Health Allergy and Infectious Diseases Research Pass through: Family Health International 360	93.855	PO21000585	95,763
Health Resources and Services Administration HIV-Related Training and Technical Assistance	93.145	U1O44133	223,825
Health Resources and Service Administration HIV-Related Training and Technical Assistance Pass through: Cicatelli & Associates	93.145	U69HA33941	<u>12,124</u>
Total Department of Health & Human Services			<u>783,131</u>
Total Expenditures of Federal Awards			<u>\$ 783,131</u>

AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of African-American AIDS Policy and Training Institute dba Black AIDS Institute under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of African-American AIDS Policy and Training Institute dba Black AIDS Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of African-American AIDS Policy and Training Institute dba Black AIDS Institute.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – De Minimis Indirect Cost Rate

African-American AIDS Policy and Training Institute dba Black AIDS Institute, has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
African-American AIDS Policy and Training Institute dba Black AIDS Institute
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of African-American AIDS Policy and Training Institute dba Black AIDS Institute, (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financing that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether African-American AIDS Policy and Training Institute dba Black AIDS Institute's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "William Harris C.P.A.".

William Harris, CPA
License Number #103005
Arcadia, California
August 22, 2022



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
African-American AIDS Policy and Training Institute dba Black AIDS Institute
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited African-American AIDS Policy and Training Institute dba Black AIDS Institute's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of African-American AIDS Policy and Training Institute dba Black AIDS Institute's major federal programs for the year ended December 31, 2021. African-American AIDS Policy and Training Institute dba Black AIDS Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of African-American AIDS Policy and Training Institute dba Black AIDS Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about African-American AIDS Policy and Training Institute dba Black AIDS Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of African-American AIDS Policy and Training Institute dba Black AIDS Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, African-American AIDS Policy and Training Institute dba Black AIDS Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control over Compliance

Management of African-American AIDS Policy and Training Institute dba Black AIDS Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of African-American AIDS Policy and Training Institute dba Black AIDS Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



William Harris, CPA
License Number #103005
Arcadia, California
August 22, 2022

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting Material weakness(es) identified?	[] yes [x] no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	[] yes [x] none reported
Noncompliance material to financial statements noted?	[] yes [x] no

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs: Material weakness(es) identified?	[] yes [x] no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	[] yes [x] none reported
Any audit finding disclosed that are required to be reported in accordance with 2 CFR Section 200.51(a)?	[] yes [x] no

Identification of major programs:

CFDA Number(s)	<u>Name of Federal Program or Cluster</u>
93.943	Epidemiologic Research Studies of AIDS

**AFRICAN-AMERICAN AIDS POLICY AND TRAINING INSTITUTE
dba BLACK AIDS INSTITUTE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between
Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? [x] yes [] no

Section II – Findings – Financial Statements

None for the current audit period.

Section III – Major Findings and Questioned Costs – Federal Awards Program Audit

None for the current audit period.

Section IV – Summary Schedule of Prior Year Findings

There were no audit finding for African-American AIDS Policy and Training Institute dba Black AIDS Institute for the year ended December 31, 2020.